

CITY OF MINDEN, LOUISIANA
PRIMARY GOVERNMENT FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

CITY OF MINDEN, LOUISIANA
Annual Financial Report
As of and for the Year Ended September 30, 2012

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AMERICAN INSTITUTE OF
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INDEPENDENT AUDITORS' REPORT

The Honorable Bill Robertson, Mayor,
and the Members of the Board of Aldermen
City of Minden, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Minden, Louisiana, as of and for the year ended September 30, 2012, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents. These financial statements are the responsibility of the City of Minden, Louisiana's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Minden, Employee Benefit Plan & Trust, which represent 89% and 100%, respectively of the assets and net assets of the fiduciary funds. Those financial statements for this fiduciary fund were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Minden, Employee Benefit Plan & Trust Fund is based on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

The financial statements do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements.

In our opinion, because of the omission of the discretely presented component units, as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of the City of Minden, Louisiana, as of September 30, 2012, or the changes in financial position thereof the year then ended. The effect of the omission of some of the discretely presented component units on the financial statements of the aggregate discretely presented component units is not reasonably determinable.

In addition, in our opinion based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Minden, Louisiana, as of September 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 18, 2013, on our consideration of the City of Minden, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, infrastructure information, and schedule of funding progress for other post employment benefits on pages 4-12 and 52-56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that

collectively comprise the City of Minden, Louisiana's financial statements as a whole. The other supplementary information on pages 58-61 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Jameson, Wise & Martin

Minden, Louisiana

March 18, 2013



Bill Robertson, *Mayor*
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Minden, Louisiana's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2012. Please read it in conjunction with the City's financial statements, which begin on page 14.

FINANCIAL HIGHLIGHTS

- The City's net assets decreased by 2.8 percent as a result of this year's operations. The total net assets of the City decreased by approximately \$1.6 million, from \$57.1 million to \$55.5 million.
- During the year, the City had total revenues of \$29.1 million compared to \$28.8 million last year, an increase of 1 percent.
- Total expenses for the year were \$30.7 million, compared to \$31.9 million in the prior year, a decrease of 3 ½ percent.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 14-15) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 16. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the government.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 14. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net assets* and changes in them. You can think of the City's net assets—the difference between assets and liabilities—as one way to measure the City's financial

Ava H. Morgan
City Clerk - Treasurer

George W. Rolfe, Jr.
Public Works Director

Charles Minifield
City Attorney

Joe Cornelius, Sr.
Councilman - District A

Fayrine A. Kennon-Gilbert
Councilwoman - District B

Magaline Quarles
Councilwoman - District C

Tommy Davis
Councilman - District D

Benny Gray
Councilman - District E



health, or *financial position*. Over time, *increases or decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the *overall health* of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including the police, fire, public works, parks and recreation, sanitation and health, highway and streets, and general administration. Property taxes, sales taxes, franchise fees, and state and federal grants finance most of these activities.
- Business-type activities – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, sewer, and electrical systems are reported here.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 16. The fund financial statements begin on page 16 and provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes other funds to show that it is meeting legal responsibilities for using certain taxes, grants and other money (sales taxes restricted for specific use). All of the funds of the City of Minden can be divided into three categories: governmental, proprietary, and fiduciary funds.

- *Governmental funds* – Most of the City's basic services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation following the fund financial statements.
- *Proprietary funds* – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The City as Trustee

The City is the trustee, or fiduciary, for the Police Bond Fund and the Pension Benefit Trust Fund. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 24. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

THE CITY AS A WHOLE

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Minden, assets exceed liabilities by \$55,510,584 at the close of the most recent fiscal year.

The largest portion of the City of Minden's net assets totaling approximately \$40.5 million (73%) reflects its investment in capital assets (e.g. land, buildings, streets, drainage, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The City of Minden uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Minden's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

For the year ended September 30, 2012, net assets changed as follows:

City of Minden's Net Assets						
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 7,611,315	\$ 7,193,823	\$ 13,872,377	\$ 13,621,914	\$ 21,483,692	\$ 20,815,737
Capital assets	<u>21,335,763</u>	<u>21,725,991</u>	<u>21,970,156</u>	<u>22,721,035</u>	<u>43,305,919</u>	<u>44,447,026</u>
Total assets	<u>28,947,078</u>	<u>28,919,814</u>	<u>35,842,533</u>	<u>36,342,949</u>	<u>64,789,611</u>	<u>65,262,763</u>
Current and other liabilities	653,891	843,308	2,219,285	1,483,799	2,873,176	2,327,107
Long-term liabilities	<u>4,745,214</u>	<u>4,426,450</u>	<u>1,660,637</u>	<u>1,377,293</u>	<u>6,405,851</u>	<u>5,803,743</u>
Total liabilities	<u>5,399,105</u>	<u>5,269,758</u>	<u>3,879,922</u>	<u>2,861,092</u>	<u>9,279,027</u>	<u>8,130,850</u>
Net assets:						
Invested in capital assets, net of related debt	18,528,101	18,646,994	21,970,156	22,721,035	40,498,257	41,368,029
Restricted	2,731,372	2,750,350	3,270	389,472	2,734,642	3,139,822
Unrestricted	<u>2,288,500</u>	<u>2,252,712</u>	<u>9,989,185</u>	<u>10,371,350</u>	<u>12,277,685</u>	<u>12,624,062</u>
Total net assets	<u>\$ 23,547,973</u>	<u>\$ 23,650,056</u>	<u>\$ 31,962,611</u>	<u>\$ 33,481,857</u>	<u>\$ 55,510,584</u>	<u>\$ 57,131,913</u>

The City reported positive balances in net assets for both governmental and business-type activities.

Governmental Activities – Net Assets

For the current year, the net assets of the City's governmental activities decreased slightly by \$102,083.

The restricted net assets of the governmental activities represent the portion of net assets that is not available to finance the day-to-day operations. The use of restricted assets is subject to constraints established by a voter-approved city ordinance. Restricted net assets decreased by \$18,978 to a total of \$2.73 million, which is available to finance specific funding for sewer and recreational activities.

Business-type Activities – Net Assets

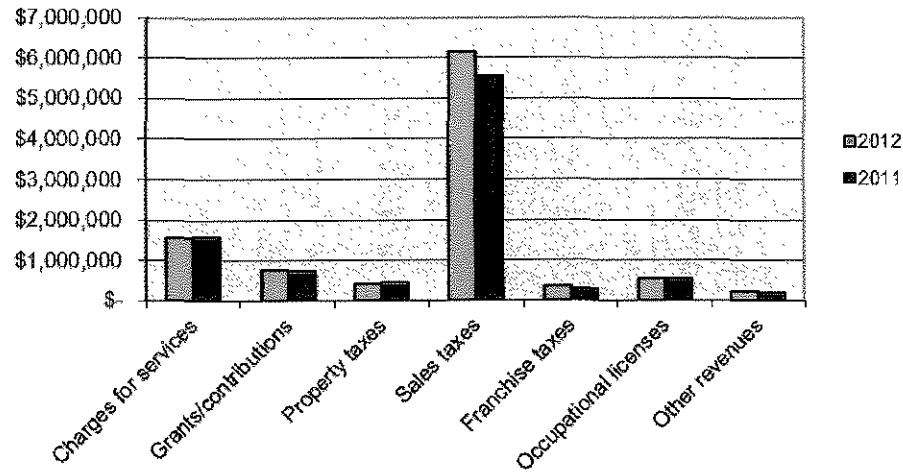
The unrestricted net assets of the City's business type activities decreased by 3.7% or approximately \$382,000.

City of Minden's Changes in Net Assets						
	Governmental Activities		Business-type Activities		Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues						
Program revenues:						
Charges for services	\$ 1,567,702	\$ 1,594,620	\$ 18,493,968	\$ 18,674,395	\$ 20,061,670	\$ 20,269,015
Operating grants/contributions	391,337	397,197	-	-	391,337	397,197
Capital grants/contributions	378,028	332,038	187,942	393,542	565,970	725,580
General revenues						
Property taxes	416,236	451,151	-	-	416,236	451,151
Sales taxes	6,153,036	5,551,869	-	-	6,153,036	5,551,869
Franchise taxes	346,516	288,224	-	-	346,516	288,224
Occupational licenses	543,976	558,471	-	-	543,976	558,471
Other general revenues	<u>235,524</u>	<u>185,381</u>	<u>409,681</u>	<u>395,640</u>	<u>645,205</u>	<u>581,021</u>
Total revenues	<u>10,032,355</u>	<u>9,358,951</u>	<u>19,091,591</u>	<u>19,463,577</u>	<u>29,123,946</u>	<u>28,822,528</u>
Program expenses						
General government	3,470,488	3,366,800	-	-	3,470,488	3,366,800
Public safety	4,598,368	4,344,778	-	-	4,598,368	4,344,778
Highway and streets	1,353,554	2,156,683	-	-	1,353,554	2,156,683
Sanitation and health	971,755	1,109,573	-	-	971,755	1,109,573
Parks and recreation	2,065,717	2,098,255	-	-	2,065,717	2,098,255
Public works	494,278	535,552	-	-	494,278	535,552
Interest on long-term debt	91,056	116,399	-	-	91,056	116,399
Water	-	-	1,744,733	2,049,769	1,744,733	2,049,769
Sewer	-	-	1,548,328	1,593,007	1,548,328	1,593,007
Electric	-	-	12,986,967	13,254,633	12,986,967	13,254,633
Other	-	-	<u>1,420,031</u>	<u>1,246,651</u>	<u>1,420,031</u>	<u>1,246,651</u>
Total expenses	<u>13,045,216</u>	<u>13,728,040</u>	<u>17,700,059</u>	<u>18,144,060</u>	<u>30,745,275</u>	<u>31,872,100</u>
Excess (deficiency) before transfers	(3,012,861)	(4,369,089)	1,391,532	1,319,517	(1,621,329)	(3,049,572)
Transfers	<u>2,910,778</u>	<u>3,000,649</u>	<u>(2,910,778)</u>	<u>(3,000,649)</u>	-	-
Change in net assets	(102,083)	(1,368,440)	(1,519,246)	(1,681,132)	(1,621,329)	(3,049,572)
Net assets, beginning of year	<u>23,650,056</u>	<u>25,018,496</u>	<u>33,481,857</u>	<u>35,162,989</u>	<u>57,131,913</u>	<u>60,181,485</u>
Net assets, end of year	<u>\$ 23,547,973</u>	<u>\$ 23,650,056</u>	<u>\$ 31,962,611</u>	<u>\$ 33,481,857</u>	<u>\$ 55,510,584</u>	<u>\$ 57,131,913</u>

The City's total revenues increased compared to last year's by approximately \$300 thousand. The City's program and service costs decreased by approximately \$1.13 million. Of this total, 61% of the decrease occurred within the governmental type activities and 39% occurred within the business-type activities.

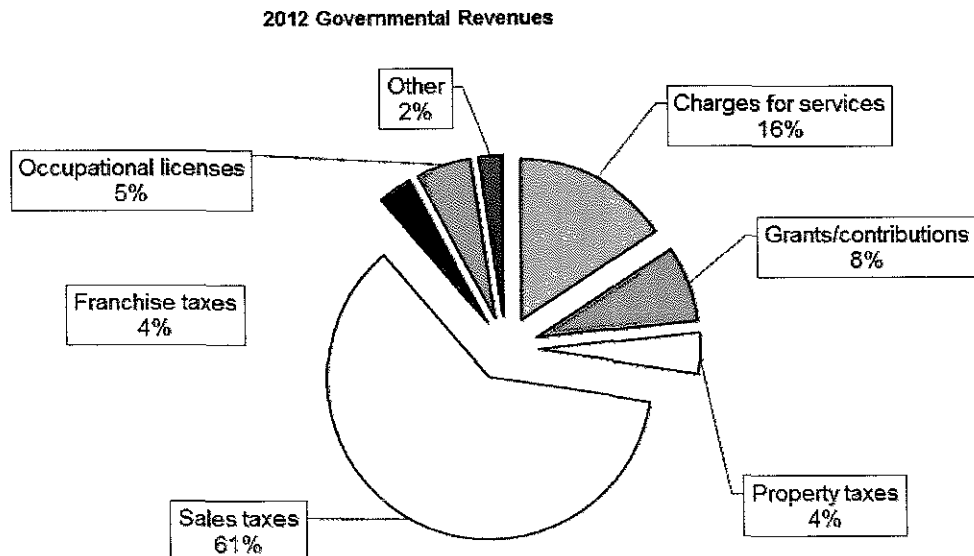
Governmental Activities

Comparison of current year and prior year governmental activity revenues



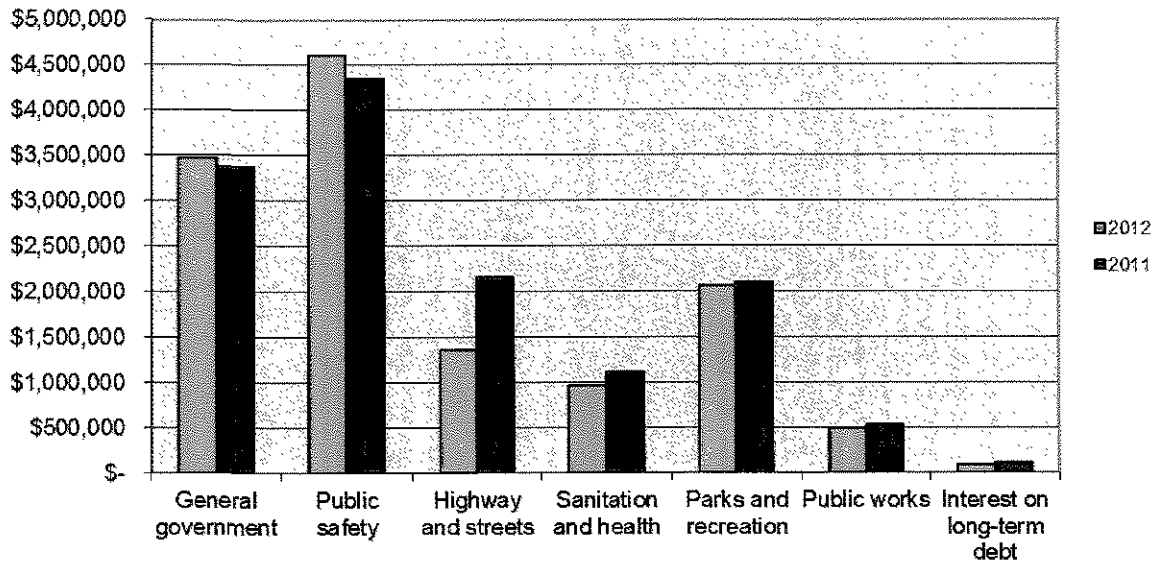
The total revenues for governmental activities increased \$673,404 for this fiscal year. This overall increase is largely attributed to the increase in the sales taxes received compared to last year.

The City's governmental activities rely heavily on sales tax. Sales taxes account for \$6.2 million out of the City's \$10 million governmental revenues. The following chart displays the various types of governmental revenues and their respective percentage of total governmental revenues received as of September 30, 2012:



The chart below compares program expenses of the current year to the prior year. The City's largest program expenses during the current year were public safety and general government, which are 35% and 27% of the total governmental type program expense in the current year, respectively.

GOVERNMENTAL ACTIVITIES - PROGRAM EXPENSES



Public safety includes the expenses incurred within both the police and fire department. During 2012, public safety costs increased to \$4.5 million, over last year's cost of \$4.3 million.

Business-type activities

Total revenues received from charges for services were comparable to prior year's revenues.

The cost of business-type activities decreased by approximately \$444,000 or 2.5% of last year's cost. The costs of operating the electric department remains at 73% of the overall business-type costs.

The City transferred funds from the business-type activities to the governmental activities to assist in the day-to-day cost of operations. The City transferred approximately \$2.9 million to the governmental activities during the fiscal year.

THE CITY'S FUNDS

Governmental funds – The focus of the City of Minden's governmental funds is to provide information on near-term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the City of Minden's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

As the City completed the year, its governmental funds (as presented in the balance sheet on page 16) reported a combined fund balance of \$6,793,077, an increase of \$346,706 in comparison with the prior fiscal year.

Proprietary funds – The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

The Sewer Plant Sales Tax Fund transferred approximately \$984,000 to the utility fund to assist funding the costs of sewerage activities. A total of \$3,894,890 was transferred from the utility fund to the general fund to assist funding of the City's governmental activities. The amount transferred to the general fund decreased by approximately \$106,000 as compared to the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, the City Council amended the general fund budget one time on September 4, 2012.

The amendment to the General Fund budget was made to reflect additional costs of \$287,500 for settlement of a liability claim and a \$3,200,000 decrease to budgeted airport grant revenues and airport expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of September 30, 2012, the City had \$43,305,919 invested in capital assets including police and fire equipment, buildings, park facilities, water, sewer and electric lines. This amount is a decrease of \$1.1 million in the amount reported last year.

**City of Minden's Capital Assets at Year-end
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Totals	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 1,906,300	\$ 1,902,550	\$ 332,065	\$ 332,065	\$ 2,238,365	\$ 2,234,615
Construction in progress	850,578	343,739	266,506	630,217	1,117,084	973,956
Building and improvements	10,984,748	11,342,575	6,192,160	6,566,437	17,176,908	17,909,012
Land improvements other than buildings	3,172,035	3,234,942	13,249,513	13,190,553	16,421,548	16,425,495
Equipment	1,798,115	2,156,425	1,929,912	2,001,763	3,728,027	4,458,188
Infrastructure	<u>2,623,987</u>	<u>2,745,760</u>	<u>-----</u>	<u>-----</u>	<u>2,623,987</u>	<u>2,745,760</u>
Totals	<u>\$21,335,763</u>	<u>\$21,725,991</u>	<u>\$21,970,156</u>	<u>\$22,721,035</u>	<u>\$43,305,919</u>	<u>\$44,747,026</u>

Major construction projects undertaken by the City include the following:

	Costs incurred during <u>09/30/2012</u>	Completed cost <u>of project</u>	Total donation/grant <u>award</u>
Phase II - Airport perimeter fencing	\$ 94,192	\$ 94,192	\$ 94,192*
Airport Phase II – Taxiway and parking	266,478	Not completed	\$ 158,683*
Airport Obstruction Removal	105,611	Not completed	\$ 200,000*
Airport Parallel Taxiway	134,750	Not completed	\$ 290,500*
Sewer improvements	254,993	Not completed	\$ 800,000*
Sewer Main Rehab – WWTP trunk line	<u>2,661</u>	<u>415,445</u>	
	<u>\$858,685</u>	<u>\$ 509,637</u>	

** The City was awarded federal and state grants to reimburse all or a portion of the cost of the projects as expenses are incurred.*

Only bridges owned by the City are capitalized as infrastructure. The City has elected to report its system of streets under the modified approach. Neither their historical cost nor related depreciation has been reported in the financial statements. There were no significant changes in the assessed condition of infrastructure assets eligible under the modified approach. The current assessed condition of roads is comparative with the condition level the City has established.

Debt

At year-end, the City had \$2,790,000 in debt as compared to \$3,060,000 last year.

	Governmental Activities		Business-type Activities		Totals	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
General obligation bonds (backed by taxes & City)	\$ 2,790,000	\$ 3,060,000	\$ -	\$ -	\$ 2,790,000	\$ 3,060,000

More detailed information about the City's long-term liabilities is presented in Note 12 to the financial statements.

COMPONENT UNITS

The City has chosen not to include the following component units in the basic financial statements: City Court of Minden and Minden Ward Marshal. Separate financial statements for each of these component units can be obtained by contacting the component unit.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The balanced budget for the fiscal year 2012/2013 is designed to maintain the City's good financial condition without diluting the financial reserves. Revenue figures (sales tax, water and electricity sale) indicate a cautiously optimistic projection under the assumption of a slow but consistent economic recovery. The budgeted revenues as well as the budgeted expenses include 3.65 million dollars in federal and state grants.

The projected operating budget for the fiscal year 2012/2013 is dominated by personnel related expenses such as retirement system contributions for municipal police and firefighters but also health insurance for the entire work force, their family members and retirees. In order to provide a balanced budget, all non-essential expenditures have been eliminated.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City Clerk's office at 520 Broadway, Minden, Louisiana.

BASIC FINANCIAL STATEMENTS

CITY OF MINDEN, LOUISIANA
Statement of Net Assets
September 30, 2012

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,380,929	\$ 4,536,095	\$ 8,917,024
Investments	2,109,970	4,660,055	6,770,025
Receivables (net of allowances for uncollectibles)	647,459	2,942,441	3,589,900
Due from other funds	8,370	42,918	51,288
Due from other governments	208,572	75,513	284,085
Inventory	56,636	952,745	1,009,381
Prepaid Items	53,250	58,293	111,543
Noncurrent assets:			
Restricted assets			
Cash and cash equivalents	-	600,000	600,000
Investment	-	4,317	4,317
Deferred assets	146,129	-	146,129
Capital assets (net)	<u>21,335,763</u>	<u>21,970,156</u>	<u>43,305,919</u>
Total assets	<u>\$ 28,947,078</u>	<u>\$ 35,842,533</u>	<u>\$ 64,789,611</u>
LIABILITIES			
Current liabilities:			
Accounts, salaries, and other payables	\$ 318,311	\$ 2,219,285	\$ 2,537,596
Due to other funds	42,918	-	42,918
Bonds and interest payable	<u>292,662</u>	<u>-</u>	<u>292,662</u>
Total current liabilities	<u>653,891</u>	<u>2,219,285</u>	<u>2,873,176</u>
Noncurrent liabilities:			
Payable from restricted assets	-	601,047	601,047
Compensated absences payable	230,113	208,577	438,690
Net OPEB obligation	2,000,101	851,013	2,851,114
Bonds payable	<u>2,515,000</u>	<u>-</u>	<u>2,515,000</u>
Total noncurrent liabilities	<u>4,745,214</u>	<u>1,660,637</u>	<u>6,405,851</u>
Total liabilities	<u>\$ 5,399,105</u>	<u>\$ 3,879,922</u>	<u>\$ 9,279,027</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 18,528,101	\$ 21,970,156	\$ 40,498,257
Restricted for:			
Other purposes	2,731,372	3,270	2,734,642
Unrestricted	<u>2,288,500</u>	<u>9,989,185</u>	<u>12,277,685</u>
Total net assets	<u>\$ 23,547,973</u>	<u>\$ 31,962,611</u>	<u>\$ 55,510,584</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA
Statement of Activities
For the Year Ended September 30, 2012

	Program Revenues			Net (Expenses)/ Revenue	Net (Expenses) Revenues and Changes of Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ (3,470,488)	\$ 156,929	\$ 17,364	\$ -	\$ (3,296,195)	\$ -	\$ (3,296,195)
Public safety	(4,598,368)	127,708	353,633	-	(4,117,027)	-	(4,117,027)
Highway and streets	(1,353,554)	-	20,340	16,000	(1,317,214)	-	(1,317,214)
Sanitation and health	(971,755)	843,406	-	-	(128,349)	-	(128,349)
Parks and recreation	(2,065,717)	176,216	-	-	(1,889,501)	-	(1,889,501)
Public works	(494,278)	263,443	-	362,028	131,193	-	131,193
Interest on long-term debt	(91,056)	-	-	-	(91,056)	-	(91,056)
Total governmental activities	(13,045,216)	1,567,702	391,337	378,028	(10,708,149)	-	(10,708,149)
Business-type activities							
Water	(1,744,733)	2,052,582	-	27,982	-	335,831	335,831
Sewer	(1,548,328)	576,648	-	159,960	-	(811,720)	(811,720)
Electric	(12,986,967)	15,864,738	-	-	-	2,877,771	2,877,771
Other	(1,420,031)	-	-	-	-	(1,420,031)	(1,420,031)
Total business-type activities	(17,700,059)	18,493,968	-	187,942	-	981,851	981,851
Total primary government	\$ (30,745,275)	\$ 20,061,670	\$ 391,337	\$ 565,970	\$ (10,708,149)	\$ 981,851	\$ (9,726,298)
General revenues:							
Property taxes levied for general purposes					416,236	-	416,236
Sales taxes					6,153,036	-	6,153,036
Franchise taxes					346,516	-	346,516
Occupational licenses					543,976	-	543,976
Grants and contributions not restricted to specific programs					6,793	29,448	36,241
Investment earnings					20,796	40,724	61,520
Other general revenues					207,935	339,509	547,444
Other financing sources (uses):							
Transfers					2,910,778	(2,910,778)	-
Total general revenues, other financing sources and transfers					10,606,066	(2,501,097)	8,104,969
Change in net assets					(102,083)	(1,519,246)	(1,621,329)
Net assets-beginning					23,650,056	33,481,857	57,131,913
Net assets-ending					\$ 23,547,973	\$ 31,962,611	\$ 55,510,584

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA
Balance Sheet
Governmental Funds
September 30, 2012

ASSETS

	General Fund	Sales Tax Fund	Sales Tax - Sewerage Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 756,459	\$ 934,190	\$ 1,894,611	\$ 795,668	\$ 4,380,928
Investments	610,054	945,712	-	554,204	2,109,970
Receivables (net of allowances for uncollectibles)	31,463	248,385	248,385	2,520	530,753
Due from other funds	8,370	-	-	-	8,370
Due from other governments	35,950	-	-	-	35,950
Inventory	56,635	-	-	-	56,635
Total assets	<u>\$ 1,498,931</u>	<u>\$ 2,128,287</u>	<u>\$ 2,142,996</u>	<u>\$ 1,352,392</u>	<u>\$ 7,122,606</u>

LIABILITIES AND FUND BALANCES

Liabilities:					
Accounts, salaries, and other payables	\$ 286,559	\$ 52	\$ -	\$ -	\$ 286,611
Due to other funds	42,918	-	-	-	42,918
Total liabilities	<u>329,477</u>	<u>52</u>	<u>-</u>	<u>-</u>	<u>329,529</u>
Fund balances:					
Nonspendable	56,636	-	-	-	56,636
Restricted	-	-	2,142,996	282,594	2,425,590
Assigned	-	2,128,235	-	1,069,798	3,198,033
Unassigned	1,112,818	-	-	-	1,112,818
Total fund balances	<u>1,169,454</u>	<u>2,128,235</u>	<u>2,142,996</u>	<u>1,352,392</u>	<u>6,793,077</u>
Total liabilities and fund balances	<u>\$ 1,498,931</u>	<u>\$ 2,128,287</u>	<u>\$ 2,142,996</u>	<u>\$ 1,352,392</u>	<u>\$ 7,122,606</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Financial Statement of Net Assets

September 30, 2012

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balances, Total Governmental Funds (Statement C)	\$ 6,793,077
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	21,335,763
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Other assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds	
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Accounts receivable	\$ 116,706	
Accounts receivable from other governments	172,623	
Deferred assets	146,128	
Prepaid insurance	<u>53,250</u>	488,707

Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
---	--

Accounts payable	\$ (11,882)	
Accrued interest payable	(17,662)	
Compensated absences	(249,930)	
Bonds, notes, and loans payable	(2,790,000)	
OPEB obligation	<u>(2,000,100)</u>	<u>(5,069,574)</u>

Net Assets of Governmental Activities (Statement A)	<u>\$ 23,547,973</u>
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The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA

Statement of Revenues, Expenditures and
and Changes in Fund Balances
Governmental Funds

For the Year Ended September 30, 2012

	General Fund	Sales Tax Fund	Sales Tax - Sewerage Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Ad valorem	\$ 421,114	\$ -	\$ -	\$ -	\$ 421,114
Sales and use	-	3,076,518	3,076,518	-	6,153,036
Licenses and permits	558,951	-	-	-	558,951
Fees and rentals	690,562	-	-	-	690,562
Charges for services	1,092,414	-	-	-	1,092,414
Intergovernmental revenues:					
Federal grants	142,720	-	-	-	142,720
State/Parish	643,738	-	-	-	643,738
Other	42,237	-	-	-	42,237
Fines and forfeitures	118,286	-	-	6,205	124,491
Investment earnings	7,605	9,582	3,305	9,379	29,871
Other revenues	142,958	-	-	1,201	144,159
Total revenues	<u>3,860,585</u>	<u>3,086,100</u>	<u>3,079,823</u>	<u>16,785</u>	<u>10,043,293</u>
EXPENDITURES					
General government	2,793,062	100,325	49,268	2,500	2,945,155
Public safety	4,637,463	-	-	13,226	4,650,689
Highways and streets	893,356	-	-	-	893,356
Sanitation and health	960,729	-	-	-	960,729
Parks and recreation	1,845,750	-	-	-	1,845,750
Public works	966,961	-	-	-	966,961
Debt service	-	-	-	344,725	344,725
Total expenditures	<u>12,097,321</u>	<u>100,325</u>	<u>49,268</u>	<u>360,451</u>	<u>12,607,365</u>
Excess (deficiency) of revenues over (under) expenditures	(8,236,736)	2,985,775	3,030,555	(343,666)	(2,564,072)
OTHER FINANCING SOURCES (USES)					
Transfers in	8,185,213	-	1,505	350,145	8,536,863
Transfers out	-	(2,578,464)	(3,036,636)	(10,985)	(5,626,085)
Total other financing sources (uses)	<u>8,185,213</u>	<u>(2,578,464)</u>	<u>(3,035,131)</u>	<u>339,160</u>	<u>2,910,778</u>
Net change in fund balance	(51,523)	407,311	(4,576)	(4,506)	346,706
Fund balances - beginning	<u>1,220,977</u>	<u>1,720,924</u>	<u>2,147,572</u>	<u>1,356,898</u>	<u>6,446,371</u>
Fund balances - ending	<u>\$ 1,169,454</u>	<u>\$ 2,128,235</u>	<u>\$ 2,142,996</u>	<u>\$ 1,352,392</u>	<u>\$ 6,793,077</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities

For the Year Ended September 30, 2012

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$ 346,706
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(402,111)
Revenue in the statement of activities that do not provide current resources are not reported as revenues in the funds	6,309
The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	270,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(322,987)</u>
Change in Net Assets of Governmental Activities, Statement B	<u>\$ (102,083)</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA
Statement of Net Assets, Proprietary Funds
September 30, 2012

	Business Type Activities - Enterprise Funds		
	Utility Fund	LCDBG - Sewer Improvement Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,475,451	\$ 60,644	\$ 4,536,095
Investments	4,660,055	-	4,660,055
Accounts receivable, net of allowance	2,939,325	-	2,939,325
Other receivable	3,116	-	3,116
Due from other funds	42,918	-	42,918
Due from other governments	6,084	69,429	75,513
Inventory	952,745	-	952,745
Prepaid items	58,293	-	58,293
Total current assets	<u>13,137,987</u>	<u>130,073</u>	<u>13,268,060</u>
Noncurrent assets:			
Restricted assets -			
Cash and interest-bearing bank deposits	600,000	-	600,000
Investment	4,317	-	4,317
Capital assets (net of accumulated depreciation)	21,810,196	159,960	21,970,156
Total noncurrent assets	<u>22,414,513</u>	<u>159,960</u>	<u>22,574,473</u>
Total assets	<u>\$ 35,552,500</u>	<u>\$ 290,033</u>	<u>\$ 35,842,533</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,089,276	\$ 130,009	\$ 2,219,285
Total current liabilities	<u>2,089,276</u>	<u>130,009</u>	<u>2,219,285</u>
Current liabilities payable from restricted assets	601,047	-	601,047
Noncurrent liabilities:			
Compensated absences payable	208,577	-	208,577
Net OPEB obligation	851,013	-	851,013
Total noncurrent liabilities	<u>1,059,590</u>	<u>-</u>	<u>1,059,590</u>
Total liabilities	<u>3,749,913</u>	<u>130,009</u>	<u>3,879,922</u>
NET ASSETS			
Invested in capital assets	21,810,196	159,960	21,970,156
Restricted for meter deposits	3,270	-	3,270
Unrestricted	9,989,121	64	9,989,185
Total net assets	<u>\$ 31,802,587</u>	<u>\$ 160,024</u>	<u>\$ 31,962,611</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended September 30, 2012

	Business Type Activities - Enterprise Funds		
	Utility Fund	LCDBG - Sewer Improvement Fund	Total
Operating revenues:			
Charges for services			
Electric	\$ 15,862,588	\$ -	\$ 15,862,588
Water	2,052,582	-	2,052,582
Sewerage	576,648	-	576,648
Penalties/service charges	267,235	-	267,235
Other charges for services	103,872	-	103,872
Total operating revenues	<u>18,862,925</u>	<u>-</u>	<u>18,862,925</u>
Operating expenses:			
Purchase of power	9,947,242	-	9,947,242
Personal services	2,489,295	-	2,489,295
Materials and supplies	629,596	-	629,596
Insurance claims and expenses	1,282,929	-	1,282,929
Repairs and maintenance	1,050,124	-	1,050,124
Other services and charges	772,585	-	772,585
Bad debt expenses	186,897	-	186,897
Depreciation	1,334,009	-	1,334,009
Total operating expenses	<u>17,692,677</u>	<u>-</u>	<u>17,692,677</u>
Operating income (loss)	1,170,248	-	1,170,248
Nonoperating revenues (expenses):			
Interest income	40,724	-	40,724
Management fees	(7,382)	-	(7,382)
Grant revenues	27,982	159,960	187,942
Total nonoperating revenues and expenses	<u>61,324</u>	<u>159,960</u>	<u>221,284</u>
Income before contributions and transfers	1,231,572	159,960	1,391,532
Transfers in	984,112	-	984,112
Transfers out	<u>(3,894,890)</u>	<u>-</u>	<u>(3,894,890)</u>
Change in net assets	(1,679,206)	159,960	(1,519,246)
Net assets - beginning	<u>33,481,793</u>	<u>64</u>	<u>33,481,857</u>
Net assets - end of year	<u>\$ 31,802,587</u>	<u>\$ 160,024</u>	<u>\$ 31,962,611</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA
Statements of Cash Flows
Proprietary Funds
Years Ended September 30, 2012

	Business Type Activities - Enterprise Funds		
	LCDBG -		
	Utility	Sewer	
	Fund	Improvement	Total
		Fund	
Cash flows from operating activities:			
Cash received from customers	\$ 19,168,630	\$ -	\$ 19,168,630
Other operating cash receipts	98,103	-	98,103
Cash payments for supplies and services	(12,529,488)	-	(12,529,488)
Cash payments to employees for service	(2,179,123)	-	(2,179,123)
Other operating cash payments	(729,944)	-	(729,944)
Net cash provided by operating activities	<u>3,828,178</u>	<u>-</u>	<u>3,828,178</u>
Cash flows from noncapital financing activities:			
Transfer to/from other funds	(2,832,264)	-	(2,832,264)
Net increase in meter deposits	10,490	-	10,490
Net cash provided (used) for noncapital financing activities	<u>(2,821,774)</u>	<u>-</u>	<u>(2,821,774)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(425,559)	(29,951)	(455,510)
Capital grants	157,727	90,531	248,258
Net cash provided (used) for capital and related financing activities	<u>(267,832)</u>	<u>60,580</u>	<u>(207,252)</u>
Cash flows from investing activities:			
Interest on interest-bearing deposits	2,770	-	2,770
Redemption of certificates of deposit	1,290,219	-	1,290,219
Purchase of certificates of deposit	(383,690)	-	(383,690)
Net cash provided for investing activities	<u>909,299</u>	<u>-</u>	<u>909,299</u>
Net increase (decrease) in cash and cash equivalents	1,647,871	60,580	1,708,451
Cash and cash equivalents at beginning of year	<u>3,427,580</u>	<u>64</u>	<u>3,427,644</u>
Cash and cash equivalents at end of year	<u>\$ 5,075,451</u>	<u>\$ 60,644</u>	<u>\$ 5,136,095</u>

The accompanying notes are an integral part of this statement.

	Business Type Activities - Enterprise Funds		
	LCDBG - Sewer Improvement		
	Utility Fund	Fund	Total
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 1,170,248	\$ -	\$ 1,170,248
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,334,009	-	1,334,009
Bad debt	186,897	-	186,897
Changes in assets and liabilities -			
Decrease (increase) in accounts receivable	303,183	-	303,183
Decrease (increase) in accounts receivable - other	(5,769)	-	(5,769)
Decrease (increase) in inventory	(26,590)	-	(26,590)
Decrease (increase) prepaid insurance	(5,077)	-	(5,077)
Increase (decrease) in accounts payable	602,437	-	602,437
Increase (decrease) in accrued compensated absences	12,162	-	12,162
Increase (decrease) in net OPEB obligation	256,678	-	256,678
Net cash provided (used) by operating activities	<u>\$ 3,828,178</u>	<u>\$ -</u>	<u>\$ 3,828,178</u>

CITY OF MINDEN, LOUISIANA
Statement of Fiduciary Net Assets
September 30, 2012

	Pension Trust Funds (3/31/12)	Agency Fund - Police Bond Fund
ASSETS		
Cash	\$ 26,425	\$ 26,211
Receivables:		
A/R - net of allowance	-	11,210
Insurance company receivable	269,881	-
Refunds receivable	<u>7,976</u>	<u>-</u>
Total assets	<u>\$ 304,282</u>	<u>\$ 37,421</u>
LIABILITIES		
Claims payable	\$ 288,156	\$ -
Claims incurred but not reported	465,334	-
Due to the general fund	-	8,370
Due to other governmental units	<u>-</u>	<u>29,051</u>
Total liabilities	<u>753,490</u>	<u>37,421</u>
HELD IN TRUST FOR OPEB	<u>\$ (449,208)</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA
Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
March 31, 2012

NET INCREASE (DECREASE) IN BENEFIT OBLIGATIONS

Increase (decrease) during the year attributable to:	
Claims payable	\$ (10,893)
Claims incurred but not reported	<u>(126,001)</u>
 NET (DECREASE) IN BENEFIT OBLIGATIONS	 <u>(136,894)</u>

NET INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS

Additions to plan assets attributable to:	
Sponsor contributions	2,185,541
Participant contributions	451,172
Retiree contributions	134,432
Insurance company reimbursements	675,511
Interest income	<u>71</u>
TOTAL ADDITIONS	<u>3,446,727</u>
 Deductions from plan assets attributable to:	
Benefits paid to participants	2,858,404
Payments for insurance premiums	523,117
Administrative expenses	<u>59,973</u>
 TOTAL DEDUCTIONS	 <u>3,441,494</u>
 NET INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	 <u>5,233</u>

INCREASE IN EXCESS OF NET ASSETS AVAILABLE FOR BENEFITS OVER BENEFIT OBLIGATIONS	142,127
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(DEFICIT) OF NET ASSETS AVAILABLE FOR BENEFITS OVER
BENEFIT OBLIGATIONS

BEGINNING OF YEAR	<u>(591,335)</u>
END OF YEAR	<u>\$ (449,208)</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2012

INTRODUCTION

The City of Minden, Louisiana (the City) was incorporated in 1928, under the provisions of Act No. 226 of the 1928 Special Acts of Louisiana Legislature. The City is located in the Parish of Webster in the northwest corner of the State of Louisiana. Elected officials of the City of Minden are a mayor, five (5) aldermen, and a chief of police, all of whom serve four-year terms. The affairs of the City are conducted and managed by the mayor and board of aldermen, referred to as "The Council." The City provides a full range of municipal services as authorized by its charter. These include public safety (police and fire), street, water, electric, sewerage, sanitation and health, zoning and general administrative services.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issued bonded debt.

In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable and, as such, should be included within the City's financial statements. The financial reporting entity consists of (a) the primary government (City), (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the City is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

According to Governmental Accounting Standards Board (GASB) Statement No. 14, the criteria for determining which component units should be included in the reporting entity includes:

1. Appointing a voting majority of an organization's body, and:
 - a. The ability of the City to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

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Based on the aforementioned criteria, the City has determined that the following component units are part of the reporting entity:

<u>Component Unit</u>	<u>Method of inclusion</u>	<u>Fiscal Year End</u>	<u>Criteria Used</u>
<i>Included within the reporting entity:</i>			
Minden Historic Downtown Development District Commission	Discrete Presentation	September 30	1 and 3
<i>Not included within the reporting entity:</i>			
City Court of Minden		December 31	2 and 3
Minden Ward Marshal		December 31	2 and 3

The City has chosen not to include the following component units in the basic financial statements: City Court of Minden and Minden Ward Marshal. Separate financial statements for each of these component units can be obtained by contacting the component unit.

GASB Statement No. 14 provides for the issuance of primary government financial statements that are separate from those of the reporting entity. However, the primary government's (City) financial statements are not a substitute for the reporting entity's financial statements. The accompanying primary government financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental unites except for the inclusion of the component units as discussed above.

Other related organizations

The Minden Housing Authority - The Authority provides housing to certain qualified residents and is funded by the U.S. Government grants and rental charges. The City is not responsible for financing deficits nor entitled to surpluses. The City does not significantly influence operational or fiscal matters of the Authority. The Minden Housing Authority is fiscally independent and there is no financial benefit or burden relationship with the City. Therefore, it is not included in the City's financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that

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are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Although most expenditures are recorded when a liability is incurred, as under accrual accounting, the measurement focus of a governmental fund significantly affects what items are to be considered expenditures in the governmental fund. Expenditures, and the related liabilities, are accrued when they are expected to be paid out of revenues recognized during the current period. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources, of the general government, except those required to be accounted for in another fund.

The Sales Tax Fund accounts for the receipt and use of the municipality's one percent (1%) sales and use tax under the provisions of the sales and use tax ordinance effective August 1, 1967.

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The Sales Tax Fund – Sewerage System accounts for the receipt and use of the municipality's one percent (1%) sales and use tax under the provisions of the sales and use tax ordinance effective December 1, 1984. By special election held April 15, 2000, the City rededicated and renewed the levy of this one percent (1%) sales and use tax.

The municipality reports the following major proprietary funds:

The enterprise fund is used to account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The LCDBG – Sewer Improvement Fund is used to account for Louisiana Community Development Block Grant proceeds to be used for sewer improvements.

Additionally, the government reports the following fund types:

Agency Fund is used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Pension (and other employee benefit) Trust Fund is used to report resources and activities when the City is acting as a trustee for individuals. The Pension Trust Fund is used to account for medical, dental, vision, life and accidental death benefits covering substantially all employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Eliminations of these charges would distort direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program

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revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are from charges for electrical, water and sewerage services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the municipality's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Deposits and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits, those investments with original maturities of 90 days or less. Under state law, the City may deposit funds in demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For purposes of the statements of cash flows, cash and cash equivalents include cash, demand deposits, and certificates of deposit. Cash and cash equivalents are stated at cost.

Under state law, the City may invest in United States bonds, treasury notes, and certificates. In addition, the City may invest in bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the U.S and also collateralized mortgage obligations, which have not been stripped into interest only and principal only obligations. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Long-term investments, those with original maturities greater than one (1) year, are valued at the last reported sales price at current exchange rates.

E. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of accounts

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receivable. Major receivable balances for the governmental activities include sales and use taxes, ad valorem taxes, franchise taxes, police fines, and grants. Business-type activities report utilities as their major receivable. An allowance for uncollectible receivables is maintained, however, if amounts become uncollectible, in the opinion of management, they are charged to operations at that time.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, grants and other intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned and only if paid within 30 days, since they would be considered both measurable and available.

F. Inventories and Prepaid Items

Inventory items are valued using the weighted average method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in government-wide financial statements.

Inventories in each fund are generally composed of the following items:

General Fund - Gasoline

Enterprise Fund - Electric, water and sewer repair and maintenance items

G. Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to utility meter deposits.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$5,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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Major outlays for capital assets and improvements are capitalized as projects are constructed. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated <u>Lives</u>
Roads, bridges, and infrastructure	25-50 years
Land improvements	10-30 years
Buildings and building improvements	10-40 years
Furniture and fixtures	5-15 years
Vehicles	5-10 years
Equipment	5-15 years

GASBS No. 34 required the City to report and depreciate new infrastructure assets effective with the beginning of the fiscal year ended September 30, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. During the fiscal year ended September 30, 2012, infrastructure being reported on includes bridges owned by the City during the current year. Of the remaining infrastructure, neither the historical cost nor related depreciation has historically been reported in the financial statements. The City has elected to report its system of streets under the modified approach.

I. Compensated Absences

The City's policy regarding vacation time permits full-time employees to accumulate earned but unused vacation leave. The only provision for vested benefits is that municipal employees, with the exception of employees of the police and fire department who are covered by Civil Service requirements, may carry forward no more than the maximum accruable amount for any vacation year. All employees do not have the option of foregoing vacation and being paid in lieu thereof. The entire accrued vacation liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of this debt is the amount that is normally expected to be paid using expendable available financial resources. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

The City's policy regarding sick time permits full-time employees to accrue sick leave at the rate of eighty (80) hours per year, effective on the first day of full-time employment. Sick time may be carried over from year to year. Upon retirement, the employee will be reimbursed for fifty (50) percent of their accrued sick leave at their regular hourly rate of pay. Total reimbursement cannot exceed 500 hours. All sick leave hours used in the two years prior to retirement date will be deducted from the fifty (50) percent accrual prior to reimbursement. There is no provision for reimbursement of accrued sick leave for termination other than retirement. The liability for sick leave accrual is recorded as long-term debt in the government-wide financial statements. An estimate of this accrual is based on historical trends.

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J. Long-Term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Long-term debts to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. Long-term debt consists primarily of bonds payable, accrued compensated absences, and net OPEB obligations.

Long-term debt in governmental funds is not reported as liability in the fund financial statements. The debt proceeds are reported as other financing sources, and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

K. Fund Equity

In government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – consist of net assets with constraints place on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – all other net assets that do no meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund financial statements, governmental fund equity is classified as fund balance. Beginning with fiscal year 2011, the City implemented the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined categories to make the nature and extent of the constraints placed on the City’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used. In the fund financial statements, fund balances are classified as follows:

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

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- c. Committed fund balance - amounts constrained to specific purposes determined by the City itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- d. Assigned fund balance - amounts that the City intends to use for a specific purpose, intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- e. Unassigned fund balance - amounts that are available for any purpose, positive amounts are reported only in the General Fund. The City has not adopted a policy to maintain the General Fund's unassigned fund balance above a certain minimum level.

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

M. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION The City follows these procedures in establishing the budgetary data reflected in these financial statements:

- a) The City Clerk prepares a proposed budget and submits same to the Mayor and the Council no later than fifteen days prior to the beginning of each fiscal year.
- b) The public is notified that the proposed budget is available for public inspection. At that time, a public hearing is called.
- c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- d) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

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- e) Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases or decreases in expenditures resulting from revenues exceeding or failing to meet amounts estimated require the approval of the Council.
- f) All budgetary appropriations lapse at the end of each fiscal year.
- g) Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts, as originally adopted, are amended from time to time by the Council.

DEFICITS The Fiduciary Fund - Pension Trust Fund had a deficit of \$449,208, in retained earnings as of March 31, 2012. The deficit was due to the excess of expenditures recognized for claims incurred as of the end of the year over actual funds transferred to the Pension Trust Fund. The deficit will be eliminated through future transfers from various funds.

3. CASH AND CASH EQUIVALENTS

At September 30, 2012, the carrying amount of the City's deposits, excluding its fiduciary fund was \$9,517,024, as follows:

Petty cash funds	\$	2,825
Demand deposits		872,383
Interest-bearing deposits		<u>8,641,816</u>
Total	\$	<u>9,517,024</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times at least equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At September 30, 2012, the City's bank balances, including its fiduciary funds and certificates of deposits, totaled \$12,645,757. These deposits are secured from risk by \$2,690,659 of federal deposit insurance and \$9,888,126 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The remaining balance of \$66,972 is not secured by the pledge of securities and is a violation of state law.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

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4. INVESTMENTS

The City of Minden's investments are reported at fair value, which is determined using selected bases in accordance with GASB Statement No. 31. Short-term investments are reported at cost, which approximates fair value. Long-term investments, those with original maturities greater than one (1) year, are valued at the last reported sales price at current exchange rates.

As of September 30, 2012, the City's reporting entity had the following investments:

<u>Types of investments</u>	<u>Credit rating</u>	Total Fair Value/ Carrying Amount	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	Weighted Average Months to Maturity
Money market funds - LAMP	AAA	\$ 178,656	\$ 18,507	\$ 160,149	
UBS Cash Fund, Inc.		1,804	-	1,804	
U.S. Government Sponsored Enterprises:					
Federal National Mortgage Association		2,459,811	100,322	2,359,489	35.66
Federal Home Loan Mortgage Corp.		405,180	202,590	202,590	37.19
Federal Farm Credit Bank	Aaa	900,497	-	900,497	35.72
Louisiana Bonds		154,994	-	154,994	30.69
U.S. Agency Collateralized Mortgage Obligations		2,513	-	2,513	<i>a</i>
Certificates of deposit		<u>2,670,887</u>	<u>1,788,551</u>	<u>882,336</u>	
Total investments		<u>\$6,774,342</u>	<u>\$ 2,109,970</u>	<u>\$ 4,664,372</u>	

a No specific maturity date available due to the nature of this type of investment. The City plans to hold remaining security until maturity.

City's Investment policies

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Louisiana Revised Statutes and the City's investment policy govern the procedures to be followed and the types of allowable securities to be purchased by the municipality. The City of Minden is authorized to invest in the following types of investments:

- 1) Direct U.S. Treasury obligations, the principal and interest of which are fully guaranteed by the U.S. government.
- 2) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the U.S. and,
- 3) Collateralized mortgage obligations, which have not been stripped into interest only or principal only obligations.

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Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. Investments held in U.S. government or investments guaranteed by the U.S. government are excluded from disclosure of concentration of credit risk.

For investments, **custodial credit risk** is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. City investments are Category 1 investments, categorized as insured or registered, or securities held by the City or its agent in the City's name.

5. ACCOUNTS RECEIVABLE

Enterprise Receivables and Uncollectible Accounts

The individual customer consumption meters are not all read on the same day of the month. Meters are generally read between the first (1) and the twenty-first (21) day of each month. At the end of any particular month, individual customers will have from a week to a total month's consumption that they will not be billed for until the following month. It is estimated that at the end of any particular month there is, in the aggregate, approximately the equivalent of sixteen (16) days' consumption that is unbilled to utility customers.

Accounts receivable - utilities customers at September 30, 2012, consisted of:

Accounts receivable – utilities	\$ 2,477,698
Allowance for D/A	<u>(322,101)</u>
	2,155,597
Unbilled receivables	<u>783,728</u>
Accounts receivable – utilities (net)	\$ <u>2,939,325</u>

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Governmental activities receivables

Accounts receivables of the governmental activities consist of sales tax (77%), franchise taxes (11%), other (5%), and police fines/seizures (7%). Receivables detail at September 30, 2012 for governmental activities are as follows:

Accounts receivable	\$ 726,661
Allowance for doubtful accounts	<u>(79,202)</u>
Net accounts receivable	\$ <u>647,459</u>

6. ADVALOREM TAXES

Advalorem taxes attach as an enforceable lien on the valuation of property as of January 1 of each year.

The tax levy for 2011 was 5.83 mills of the assessed property valuation on tax rolls as of January 1. This tax became due on January 1, 2012 and delinquent on February 1, 2012.

The tax was dedicated as follows:

General corporate purposes	5.83 mills
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For the year ended September 30, 2012, taxes of \$410,569 were levied on property with assessed valuations totaling \$70,423,540.

Additionally, a tax of 1.95 mills on properties located within the established Minden Downtown Development District was approved by voters, however none was assessed for 2011 since the renewal was not approved until Oct 22, 2011. For the year ended September 30, 2012, taxes of \$0 were levied on property with assessed valuations totaling \$10,490,770.

7. SALES AND USE TAX OPERATIONS

- A. 1% sales and use tax - The City of Minden was authorized to levy and collect a one per cent (1%) sales and use tax by a special election held May 23, 1967.

The revenues derived therefrom were authorized to be used for "the purpose of opening, constructing, paving, resurfacing, improving and/or maintaining streets, alleys, sidewalks and bridges; constructing, acquiring, extending, improving, renovating and/or maintaining street lighting facilities, water-works, sewers and sewerage disposal works, garbage collection and waste disposal facilities, police department stations and equipment, public buildings and/or fire department stations and equipment, including fire engines, public parks and recreational facilities, airport facilities, and parking facilities; and purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid public works, building,

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improvements and facilities, and such tax to be subject to funding into bonds by the City in the manner authorized."

For the year ended September 30, 2012, Sales Tax operating transfers (of "surplus") to other funds which were used for purposes for which the imposition of the tax was authorized were as follows:

	General
	<u>Fund</u>
Transfers to	\$ <u>2,578,464</u>

- B. 1% sales and use tax - sewerage improvements - The City of Minden was authorized to levy and collect a one per cent (1%) sales and use tax by a special election held September 29, 1984.

The revenues derived therefrom were authorized to be used for "the purpose of constructing, acquiring, extending, improving, operating and maintaining sewers and sewerage disposal facilities and fund the proceeds of the Tax into bonds to be issued in series from time to time for the purpose of constructing, acquiring and improving sewers and sewage disposal facilities and the Council shall (i) annually budget the amount of said net proceeds of the Tax required to pay principal and interest and reserve requirements on all bonds payable from the Tax and the amount required for extending, improving, operating and maintaining sewers and sewage disposal facilities and (ii) use the excess over said requirements to pay said bonds in full prior to their stated maturity and when provisions shall have been made for the payment of all of said bonds in full the authority to levy the Tax shall terminate."

By a special election held April 15, 2000, the City rededicated and renewed the levy of a one percent (1%) sales and use tax, which was originally authorized at an election held in the City on September 29, 1984.

The revenues derived therefrom were rededicated to be used for "the purpose of acquiring, constructing, improving, maintaining, equipping and operating sewerage, sewage disposal facilities and recreational facilities, including the acquisition of sites therefore, and authority to fund the sales tax into bonds by the City in the manner authorized."

For the year ended September 30, 2012, Sales tax-sewerage improvements operating transfers to other funds which were used for purposes for which the imposition of the tax was authorized were as follows:

	Debt	General	Utility
	<u>Service</u>	<u>Fund</u>	<u>Fund</u>
Transfers to	\$ <u>350,145</u>	\$ <u>1,702,379</u>	\$ <u>984,112</u>

Beginning July 1992, the City entered into an agreement with the Webster Parish Centralized Sales Tax Collection Agency to collect sales tax. The Agency collects the taxes from vendors, and then remits to the City, after deducting an administrative fee. The administrative fee of 1.4% was assessed during the year.

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8. RESTRICTED ASSETS

Restricted assets of the City of Minden at September 30, 2012 were as follows:

Customers' Deposits	
Bank deposit accounts	\$ 600,000
Investments (net of market adjustment)	<u>4,317</u>
Total restricted assets	\$ <u>604,317</u>

9. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended September 30, 2012, for the primary government is as follows:

	Balance October 1, 2011	Additions	Deletions	Balance September 30, 2012
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 1,902,550	\$ 3,750	\$ -	\$ 1,906,300
Construction in progress	<u>343,739</u>	<u>601,031</u>	<u>94,192</u>	<u>850,578</u>
Total capital assets, not being depreciated	<u>2,246,289</u>	<u>604,781</u>	<u>94,192</u>	<u>2,756,878</u>
Capital assets being depreciated				
Buildings	15,643,108	-	-	15,643,108
Land improvements other than buildings	3,871,600	94,192	-	3,965,792
Equipment	6,626,583	248,772	390,025	6,485,330
Infrastructure	<u>5,035,393</u>	<u>-</u>	<u>-</u>	<u>5,035,393</u>
Total capital assets being depreciated	<u>31,176,684</u>	<u>342,964</u>	<u>390,025</u>	<u>31,129,623</u>
Less accumulated depreciation for:				
Buildings	4,300,533	357,827	-	4,658,360
Land improvements other than buildings	636,658	157,099	-	793,757
Equipment	4,470,158	593,104	376,047	4,687,215
Infrastructure	<u>2,289,633</u>	<u>121,773</u>	<u>-</u>	<u>2,411,406</u>
Total accumulated depreciation	<u>11,696,982</u>	<u>1,229,803</u>	<u>376,047</u>	<u>12,550,738</u>
Total capital assets, being depreciated, net	<u>19,479,702</u>	<u>(886,839)</u>	<u>13,978</u>	<u>18,578,885</u>
Governmental activities capital assets, net	\$ <u>21,725,991</u>	\$ <u>(282,058)</u>	\$ <u>108,170</u>	\$ <u>21,335,763</u>

CITY OF MINDEN, LOUISIANA
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	Balance October 1, 2011	Additions	Deletions	Balance September 30, 2012
Business-type activities:				
Capital assets, not being depreciated				
Land and improvements	\$ 332,065	\$ -	\$ -	\$ 332,065
Construction in progress	<u>630,217</u>	<u>257,654</u>	<u>621,365</u>	<u>266,506</u>
Total capital assets, not being depreciated	<u>962,282</u>	<u>257,654</u>	<u>621,365</u>	<u>598,571</u>
Capital assets being depreciated				
Buildings	17,281,667	-	-	17,281,667
Land improvements other than buildings	29,014,971	755,717	-	29,770,688
Equipment	<u>8,512,215</u>	<u>200,565</u>	<u>148,934</u>	<u>8,563,846</u>
Total capital assets being depreciated	<u>54,808,853</u>	<u>956,282</u>	<u>148,934</u>	<u>55,616,201</u>
Less accumulated depreciation for:				
Buildings	10,715,230	374,277	-	11,089,507
Land improvements other than buildings	15,824,418	696,757	-	16,521,175
Equipment	<u>6,510,452</u>	<u>262,975</u>	<u>139,493</u>	<u>6,633,934</u>
Total accumulated depreciation	<u>33,050,100</u>	<u>1,334,009</u>	<u>139,493</u>	<u>34,244,616</u>
Total capital assets, being depreciated, net	<u>21,758,753</u>	<u>(377,727)</u>	<u>9,441</u>	<u>21,371,585</u>
Business-type capital assets, net	<u>\$ 22,721,035</u>	<u>\$ (120,073)</u>	<u>\$ 630,806</u>	<u>\$ 21,970,156</u>

Depreciation expense was charged as direct expense of the primary government as follows:

Governmental activities:		Business-type activities:	
General government	\$ 265,289	Water	\$ 324,590
Public safety	243,102	Sewer	440,866
Highway and streets	193,714	Electric	522,423
Parks and recreation	385,233	Other	<u>46,130</u>
Public works	<u>121,449</u>	Total	<u>\$ 1,334,009</u>
Total	<u>\$ 1,208,787</u>		

10. RETIREMENT SYSTEMS

Substantially all employees of the City of Minden, Louisiana, are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana, or Firefighters' Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All regular employees, other than firemen and policemen, of the City of Minden, Louisiana,

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
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are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and those members of city councils, who were serving as a council member on January 1, 1997, are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, or at any age with at least 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to three (3) percent of their final-average salary for each year of creditable service. Elected officials receive three and one-half (3 ½) percent. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary and the City of Minden, Louisiana, is required to contribute at an actuarially determined rate. From July 1, 2011 through June 30, 2012 the rate was 16.75 percent of annual covered payroll. Effective July 1, 2012, the rate increased to 17.00 percent. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City of Minden, Louisiana, are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to changes each year based on the results of the valuation for the prior fiscal year. The City of Minden, Louisiana's contributions to the System under Plan A for the years ending September 30, 2012, 2011 and 2010, were \$595,946, \$535,453, and \$476,576, respectively, equal to the required contributions for each years.

B. Municipal Police Employees Retirement System of Louisiana

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
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their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 10.0 percent of their annual covered salary and the City of Minden, Louisiana, is required to contribute at an actuarially determined rate. From July 1, 2011 through June 30, 2012 the rate was 26.5 percent of annual covered payroll. Effective July 1, 2012, the rate increased to 31.0 percent. The contribution requirements of plan members and the City of Minden, Louisiana, are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to changes each year based on the results of the valuation for the prior fiscal year. The City of Minden, Louisiana's contribution for the years ended September 30, 2012, 2011 and 2010, were \$332,355, \$302,816, and \$159,191, respectively, equal to the required contributions for each year.

C. Firefighters' Retirement System of Louisiana

Plan Description. Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060.

Funding Policy. Plan members are required by state statute to contribute 10.0 percent of their annual covered salary and the City of Minden, Louisiana is required to contribute at an actuarially determined rate. From July 1, 2011 through June 30, 2012, the rate was 23.25 percent of annual covered payroll. Effective July 1, 2012, the rate increased to 24.0 percent. The contribution requirements of plan members and the City of Minden, Louisiana, are established and may be amended by state statute. As proved by Louisiana Revised Statute

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2012

11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Minden, Louisiana's contributions for the years ended September 30, 2012, 2011 and 2010 were \$154,235, \$141,041, and \$95,595, respectively, equal to the required contributions for each year.

11. CAPITAL AND OPERATING LEASES

The City records items under capital leases as an asset and an obligation in the accompanying financial statements. The City did not have any capital leases during the fiscal year ended September 30, 2012. Therefore, there are no future minimum lease payments under capital leases or present value of the net minimum lease payments as of September 30, 2012.

The municipality has operating leases and rental expense as follows:

	Governmental Activities	Business-type activities
Equipment:		
Cannon 5050 Copier - \$283/month for 48 months	\$ 2,170	\$ 1,227
Ricoh 240W Copier - \$386/month for 24 months	-	3,540
Minolta BizHub C353 - \$293.90/month for 60 months	3,233	-
Canon MPC 3000 - \$213.64/month for 48 months	<u>1,068</u>	<u>-</u>
Total rental expense	<u>\$ 6,471</u>	<u>\$ 4,767</u>

The minimum annual commitments under noncancelable operating leases are as follows:

Fiscal year:	<u>Equipment</u>
2013	\$ 10,168
2014	<u>4,020</u>
Total	<u>\$ 14,188</u>

12. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term debt for the year ended September 30, 2012:

<u>Type of debt</u>	Balance <u>Oct. 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>Sept. 30, 2012</u>	Amount due <u>within one year</u>
Governmental activities:					
Refunding bonds	\$ 3,060,000	\$ -	\$ (270,000)	\$ 2,790,000	\$ 275,000
Compensated absences	270,332	-	(20,402)	249,930	19,817
Claims payable	287,500	-	(287,500)	-	-
Net OPEB obligation	<u>1,382,980</u>	<u>617,121</u>	<u>-</u>	<u>2,000,101</u>	<u>-</u>
Total governmental debt	<u>\$ 5,000,812</u>	<u>\$ 617,121</u>	<u>\$ (577,902)</u>	<u>\$ 5,040,031</u>	<u>\$ 294,817</u>

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2012

<u>Type of debt</u>	<u>Balance Oct. 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Sept. 30, 2012</u>	<u>Amount due within one year</u>
Business-type activities:					
Compensated absences	\$ 202,934	\$ 12,162	\$ -	\$ 215,096	\$ 6,519
Net OPEB obligation	<u>594,335</u>	<u>256,678</u>	<u>-</u>	<u>851,013</u>	<u>-</u>
Total business-type debt	\$ <u>797,269</u>	\$ <u>268,840</u>	\$ <u>-</u>	\$ <u>1,066,109</u>	\$ <u>6,519</u>

Bonds payable at September 30, 2012, are comprised of the following individual issue:

	<u>Principal Outstanding</u>	<u>Interest to Maturity</u>
\$3,115,000 Sales Tax Refunding Bonds, Series 2010 dated November 1, 2010; due in annual installments of \$270,000 - \$350,000 through January 1, 2021; interest at 2%-3.25%; secured by pledge of the City's 1% sales and use tax designated for sewerage system improvements and recreation	\$ 2,790,000	\$ 366,363

The annual requirements to amortize all debt outstanding as of September 30, 2012, including interest payments \$ 366,363, are as follows:

<u>Year ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 275,000	\$ 68,675	\$ 343,675
2014	285,000	63,075	348,075
2015	290,000	57,325	347,325
2016	300,000	50,675	350,675
2017	310,000	43,050	353,050
2017-2021	<u>1,330,000</u>	<u>83,563</u>	<u>1,413,563</u>
	\$ <u>2,790,000</u>	\$ <u>366,363</u>	\$ <u>3,156,363</u>

At September 30, 2011, \$252,660 was available in the Debt Service Funds to service the general obligation bonds. In accordance with Louisiana Revised Statutes, the City is legally restricted in the amount of long-term bonded debt that may be issued. At September 30, 2012, the statutory limit was \$7,042,354. As of September 30, 2012, the City had no bonds secured by advalorem taxes.

Total interest expense paid on long-term debt as of September 30, 2012 was \$74,125.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2012

13. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables at September 30, 2012, were as follows:

<u>Payables</u>	<u>Receivables</u>		<u>Total</u>
	<u>General Fund</u>	<u>Enterprise Fund</u>	
General Fund	\$ -	\$ 42,918	\$ 42,918
Police Bond Fund	8,370	-	8,370
Total	\$ <u>8,370</u>	\$ <u>42,918</u>	\$ <u>51,288</u>

Interfund transfers during the year ended September 30, 2012, were as follows:

<u>Transfers out</u>	<u>Operating Transfers In</u>			
	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Non-Major Governmental</u>	<u>Total</u>
Sales Tax Fund	\$ 2,578,464	\$ -	\$ -	\$ 2,578,464
Sales Tax Fund - Sewerage System	1,702,379	984,112	350,145	3,036,636
Enterprise Fund	3,894,890	-	-	3,894,890
Non-major - Governmental	9,480	-	-	9,480
Total	\$ <u>8,185,213</u>	\$ <u>984,112</u>	\$ <u>350,145</u>	\$ <u>9,519,470</u>

Transfers are primarily used to move funds from:

Sales Tax Fund – Sewerage System to cover debt service attributable to sewerage bonds and recreation bonds, to cover costs of recreation activities within the General Fund, and to cover costs of the sewer system within the Utility Fund.

The Enterprise Fund and Sales Tax Fund make transfers to supplement costs within the General Fund.

14. RETAINED EARNINGS/FUND BALANCES

Inventory at year end is equally offset by an unspendable fund balance amount in the General Fund.

Revenues collected by the Sales Tax Sewerage Fund are authorized to be used for constructing, acquiring, extending, improving, operating and maintaining sewers and sewerage and recreation facilities, therefore fund balance is restricted.

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As of and for the Year Ended September 30, 2012

Advalorem tax and annual City appropriations comprise the main revenues collected by the Main Street Program to be used solely and exclusively for the purpose and benefit of the Downtown Development District of the City of Minden.

Revenues collected by the Drug Task Force Fund are restricted to drug enforcement activities.

Revenues reported in Sales Tax Refunding Bonds, Series 2010 fund are restricted for debt service.

Enterprise Fund:

Restricted for meter deposits:

Cash and investments	\$ 604,317
Less: meter deposit liability	(601,047)
Total enterprise fund restricted for meter deposits	<u>\$ 3,270</u>

Restricted Net Assets – Governmental Activities

The following table shows the net assets restricted for other purposes as shown on the Statement of Net Assets:

<u>Fund</u>	<u>Restricted by</u>	<u>Amount</u>
Sales Tax Sewerage Fund	Local ordinance/election	\$ 2,142,996
Sales Tax, Series 2002 Refunding	Local ordinance/election	556,724
Drug Task Force	Statutory requirements	<u>31,652</u>
Total restricted net assets – governmental activities		<u>\$ 2,731,372</u>

15. CONTRACTUAL SERVICE AGREEMENT – SANITATION SERVICES

During the year, the City entered into a seven-year agreement with BFI/Allied Waste Industries, Inc., a private company, to provide sanitation services to the City. These services include residential garbage and recyclable item pick-up and the disposal of such waste, with fees based on the number of pick-ups per week and the type of collection (curbside or backyard). The City then charges a monthly fee for sanitation services to individual customers on their utilities bills.

16. PENDING LITIGATION

There are several pending lawsuits in which the City is involved. The City Attorney estimates that the potential claims against the City, not covered by insurance resulting from litigation not mentioned above, would not materially affect the financial statements of the City.

Effective April 1, 1998, the City reinstated its general liability coverage. The City will maintain the reserve fund established in prior years for self-insurance. The reserve will be used to pay claims for amounts less than the

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2012

deductible allowed under the City's general liability coverage. At September 30, 2012, \$109,233 has been reserved in the Enterprise Fund-Utilities Fund for this purpose.

17. POST EMPLOYMENT BENEFITS

Effective with the fiscal year ended September 30, 2009, the City of Minden implemented Government Accounting Standards Board Statement Number 45, Accounting and Financial Reporting for Post Employment Benefits Other than Pensions (GASB 45).

Plan description – The City provides post employment benefits for eligible participants enrolled in the City of Minden health insurance program through the City of Minden, Employee Benefit Plan & Trust. This plan is a single employer defined benefit plan. The plan provides medical, dental, vision, life and accidental death benefits. The benefits are provided in the form of:

- An implicit rate subsidy where pre 65 retirees receive health insurance coverage by paying a combined retiree/active rate
- An explicit subsidy where the city contributes towards the retiree premium

Funding policy – Retiree contributions are based on the total years that the retiree has serviced in the City. Retirees with less than 25 years of service receive a subsidy equal to 50% of the full premium. Retirees with more than 25 years of service receive a subsidy equal to 60% of the full premium.

The premiums, which include medical, dental, life and vision, are provided in the table below:

Non Medicare Premiums

	Rates Effective 10/1/2011	Rates Effective 04/01/2012
<u>Rate Tier</u>		
Retiree only	\$ 670.61	\$ 771.20
Retiree & child	\$ 1,428.40	\$ 1,642.66
Retiree & spouse	\$ 1,503.40	\$ 1,728.91
Retiree + Family	\$ 2,002.64	\$ 2,303.03

Medicare Premiums

	Rates Effective 10/1/2011	Rates Effective 04/01/2012
<u>Rate Tier</u>		
Retiree only	\$ 545.93	\$ 627.81
Retiree & spouse	\$ 1,078.56	\$ 1,240.34
Retiree & spouse (one w/Medicare)	\$ 1,291.01	\$ 1,484.63

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2012

The plan is currently financed on a “pay-as-you-go” basis. For the year ended September 30, 2012, the City contributed \$814,201 for 33 retirees.

Annual other post employment benefit cost and liability – The City’s annual required contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan:

Annual required contribution	\$ 1,688,000
Less: current year contributions	<u>(814,201)</u>
Increase in net OPEB obligation	873,799
Net OPEB obligation – beginning of year	<u>1,977,315</u>
Net OPEB obligation – end of year	<u>\$2,851,114</u>

The annual required contribution used for the fiscal year ending September 30, 2012 is \$1,688,000. The contribution used for the fiscal years ending September 30, 2011, 2010, and 2009 was \$1,242,000. Utilizing the “pay-as-you-go” method, the City contributed 48%, 72% and 38% of the annual post employment benefits cost during the fiscal years ended September 30, 2012, 2011 and 2010, respectfully.

Funding status and funding progress – The **actuarial accrued liability** is the present value of future benefits which is attributable to past service. The actuarial accrued liability of the City’s post employment benefit plan as of October 1, 2011 is \$20,481,000. The **unfunded actuarial accrued liability** is the difference between the actuarial accrued liability and the actuarial value of plan assets. Since the plan has no assets, the unfunded actuarial accrued liability for the City’s post employment benefit plan is the same as the actuarial accrued liability of \$20,481,000.

The covered payroll (annual payroll of active employees covered by the plan) was \$5,948,848, and the ratio of the UAAL to the covered payroll was 345%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2012

increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The City's actuarial valuation as of October 1, 2008 was calculated using the projected unit credit method with benefits attributed from the date of hire to expected retirement age. The actuarial assumption included a 4.5% discount rate. Other critical assumptions used in the actuarial valuation are the health care cost trend rate and participation assumptions. The valuation uses a health care cost trend rate assumption of 10% in the year October 1, 2011 to September 30, 2012 grading down by 0.5% each year until an ultimate health care cost trend rate is reached of 5%.

The participation assumption is the assumed percentage of future retirees that participate and enroll in the health plan. The participation assumption used in this valuation is 75%.

The unfunded actuarial accrued liability of \$20,481,000 is amortized over the maximum allowable period of 30 years on an open basis. It is calculated assuming a level percentage of projected payroll.

18. ON BEHALF PAYMENTS

During the fiscal year ended September 30, 2012, qualified city employees of the City Police Department, City Fire Department, and the City Marshal's Office received supplemental pay from the State of Louisiana. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 24, the City has recorded revenues and expenditures for these payments in the General Fund. Revenues under this arrangement totaled \$273,566 for the year ended September 30, 2012, and the related expenditures are as follows:

General Government -	
Ward Marshal	\$ <u>6,000</u>
Public Safety -	
Police	\$ 178,066
Fire	<u>89,500</u>
Total public safety	\$ <u>267,566</u>

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

Budgetary Comparison Schedules:

General Fund

Sales Tax Fund

Sales Tax Fund – Sewerage System

Modified Approach for Reporting Infrastructure

Schedule of Funding Progress for Other Post Employment Benefit Plan

CITY OF MINDEN, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended September 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Taxes - ad valorem	\$ 390,000	\$ 390,000	\$ 421,114	\$ 31,114
Licenses - occupational	500,000	500,000	558,951	58,951
Fees and rentals	545,860	545,860	690,562	144,702
Charges for services	1,109,200	1,109,200	1,092,414	(16,786)
Fines and forfeitures	92,500	92,500	118,286	25,786
Intergovernmental	3,992,390	792,390	828,695	36,305
Interest	6,300	6,300	7,605	1,305
Miscellaneous	12,200	12,200	142,958	130,758
Total revenues	<u>6,648,450</u>	<u>3,448,450</u>	<u>3,860,585</u>	<u>412,135</u>
Expenditures				
General Government	2,718,623	2,718,623	2,793,062	(74,439)
Public Safety	4,008,115	4,295,615	4,637,463	(341,848)
Highway and streets	1,023,232	1,023,232	893,356	129,876
Sanitation and health	1,014,622	1,014,622	960,729	53,893
Parks and recreation	1,810,760	1,810,760	1,845,750	(34,990)
Public works	4,064,673	864,673	966,961	(102,288)
Total expenditures	<u>14,640,025</u>	<u>11,727,525</u>	<u>12,097,321</u>	<u>(369,796)</u>
Excess (deficiency) of revenues over (under) expenditures	(7,991,575)	(8,279,075)	(8,236,736)	42,339
Other Financing Sources (Uses)				
Operating transfers in	7,991,575	7,991,575	8,185,213	193,638
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>7,991,575</u>	<u>7,991,575</u>	<u>8,185,213</u>	<u>193,638</u>
Net change in fund balance	-	(287,500)	(51,523)	235,977
Fund balance at beginning of year	<u>1,220,977</u>	<u>1,220,977</u>	<u>1,220,977</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,220,977</u>	<u>\$ 933,477</u>	<u>\$ 1,169,454</u>	<u>\$ 235,977</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA

Statement of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual

Special Revenue Fund - Sales Tax Fund

For the Year Ended September 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Budget	GAAP	Final Budget
			Basis	Positive
				(Negative)
Revenues:				
Taxes - sales	\$ 2,694,952	\$ 2,694,952	\$ 3,076,518	\$ 381,566
Interest	4,400	4,400	9,582	5,182
Total revenues	<u>2,699,352</u>	<u>2,699,352</u>	<u>3,086,100</u>	<u>386,748</u>
Expenditures:				
General government -				
Salaries	20,000	20,000	12,976	7,024
Insurance expense	15,374	15,374	6,554	8,820
Retirement expense	5,034	5,034	1,648	3,386
Office and computer supplies	25,000	25,000	10,184	14,816
Collection expense	42,480	42,480	49,267	(6,787)
Professional fees	11,000	11,000	11,799	(799)
Miscellaneous	1,000	1,000	6,095	(5,095)
Capital expenditures	1,000	1,000	1,802	(802)
Total expenditures	<u>120,888</u>	<u>120,888</u>	<u>100,325</u>	<u>20,563</u>
Excess of revenues over expenditures	<u>2,578,464</u>	<u>2,578,464</u>	<u>2,985,775</u>	<u>407,311</u>
Other Financing Sources (Uses):				
Operating transfers out	<u>(2,578,464)</u>	<u>(2,578,464)</u>	<u>(2,578,464)</u>	<u>-</u>
Total other financing (uses)	<u>(2,578,464)</u>	<u>(2,578,464)</u>	<u>(2,578,464)</u>	<u>-</u>
Excess (deficiency) of revenues over				
(under) expenditures and other uses	-	-	407,311	407,311
Fund balance at beginning of year	<u>1,720,924</u>	<u>1,720,924</u>	<u>1,720,924</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,720,924</u>	<u>\$ 1,720,924</u>	<u>\$ 2,128,235</u>	<u>\$ 407,311</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA

Statement of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual

Special Revenue Fund - Sales Tax Fund Sewerage System

For the Year Ended September 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Budget	GAAP	Final Budget
			Basis	Positive
				(Negative)
Revenues:				
Sales taxes	\$ 2,694,110	\$ 2,694,110	\$ 3,076,518	\$ 382,408
Interest	1,800	1,800	3,305	1,505
Total revenues	<u>2,695,910</u>	<u>2,695,910</u>	<u>3,079,823</u>	<u>383,913</u>
Expenditures:				
General government -				
Collection expense	43,125	43,125	49,268	(6,143)
Total expenditures	<u>43,125</u>	<u>43,125</u>	<u>49,268</u>	<u>(6,143)</u>
Excess of revenues over expenditures	<u>2,652,785</u>	<u>2,652,785</u>	<u>3,030,555</u>	<u>377,770</u>
Other financing (uses):				
Operating transfers out -				
Operating transfers in	-	-	1,505	1,505
Operating transfers out	(3,154,574)	(3,154,574)	(3,036,636)	117,938
Total other financing (uses)	<u>(3,154,574)</u>	<u>(3,154,574)</u>	<u>(3,035,131)</u>	<u>119,443</u>
Excess (deficiency) of revenues over				
(under) expenditures and other uses	(501,789)	(501,789)	(4,576)	497,213
Fund balance at beginning of year	<u>2,147,572</u>	<u>2,147,572</u>	<u>2,147,572</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,645,783</u>	<u>\$ 1,645,783</u>	<u>\$ 2,142,996</u>	<u>\$ 497,213</u>

The accompanying notes are an integral part of this statement.

SCHEDULE 2

CITY OF MINDEN, LOUISIANA CONDITION RATING OF THE CITY'S STREET SYSTEM For the year ended September 30, 2012

	<u>2010</u>	<u>2011</u>	<u>2012</u>
# of city streets	327	327	327
Percentage of streets in good or better condition	81.7%	83.5%	83.5%
Percentage of streets in substandard condition	18.3%	16.5%	16.5%

Comparison of needed to actual maintenance/preservation

Needed as of 1/1 (date of assessment)	\$ 2,579,060	\$ 1,742,432	\$ 1,742,432
Actual cost of improvements incurred as of 9/30	\$ 161,674	\$ 811,521	\$ 2,500

The condition of road pavement is measured by the City using a pavement management system which rates the condition of the pavement surfaces using a 1-5 rating scale assessing the following distress factors:

- Base failure
- Surface wear
- Effects of outside construction contractors which may cause damage to streets during various projects
- Presence of potholes

The system is based on a condition rating system from 1 to 5. The rating scale used to classify roads in good or better condition (4-5), fair condition (3), and substandard condition (1-2). Roads which are rated 1 are considered highest priority for improvements. It is the City's policy to maintain at least 75% of its street system at a good or better condition level.

The city's condition assessment is determined every two years as the pavement conditions are monitored throughout this time.

SCHEDULE 3

CITY OF MINDEN, LOUISIANA
Schedule of Funding Progress for Other Post Employment Benefit Plan
September 30, 2012

Fiscal	Actuarial	(a)	(b)	(b-a)	(a/b)	(c)	(b-a/c)
Year	Valuation	Actuarial	Actuarial	Unfunded	Fund	Covered	UAAL as a
<u>End</u>	<u>Date</u>	<u>Value of</u>	<u>Liability</u>	<u>AAL (UAAL)</u>	<u>Ratio</u>	<u>Payroll</u>	<u>Percentage of</u>
		<u>Assets</u>	<u>(AAL)</u>				<u>Covered</u>
09/30/09	10/1/2008	\$ -	\$ 14,668,000	\$ 14,668,000	0%	\$ 5,328,372	275.28%
09/30/10	10/1/2008	-	14,668,000	14,668,000	0%	5,692,941	257.65%
09/30/11	10/1/2008	-	14,668,000	14,668,000	0%	5,841,555	251.09%
09/30/12	10/1/2011	-	20,481,000	20,481,000	0%	5,948,848	345.00%

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Combining Statements -- Nonmajor governmental funds
- Schedule of Compensation Paid Board Members

CITY OF MINDEN, LOUISIANA
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2012

ASSETS

Cash and cash equivalents									
Investments									
Accounts receivable									
Total assets									

LIABILITIES AND FUND BALANCES

Liabilities:									
Accounts, salaries, and other payables									
Total liabilities									
Fund balances:									
Restricted									
Assigned									
Total fund balances									
Total liabilities and fund balances									

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended September 30, 2012

	Special Revenue		Capital Projects	Debt Service	
	Drug Task Force Fund	Refunding Bonds Series, 2002	Capital Improvements Street Fund	Sales Tax Refunding Bonds, Series 2010	Total Nonmajor Governmental Funds
REVENUES					
Fines and forfeitures	\$ 6,205	\$ -	\$ -	\$ -	\$ - 6,205
Investment earnings	-	9,129	-	250	9,379
Other revenues	1,201	-	-	-	1,201
Total revenues	<u>7,406</u>	<u>9,129</u>	<u>-</u>	<u>250</u>	<u>16,785</u>
EXPENDITURES					
General government	-	-	2,500	-	2,500
Public safety	13,226	-	-	-	13,226
Debt service	-	-	-	344,725	344,725
Total expenditures	<u>13,226</u>	<u>-</u>	<u>2,500</u>	<u>344,725</u>	<u>360,451</u>
Excess (deficiency) of revenues over (under) expenditures	(5,820)	9,129	(2,500)	(344,475)	(343,666)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	350,145	350,145
Operating transfers out	(9,480)	(1,505)	-	-	(10,985)
Total other financing sources (uses)	<u>(9,480)</u>	<u>(1,505)</u>	<u>-</u>	<u>350,145</u>	<u>339,160</u>
Net change in fund balance	(15,300)	7,624	(2,500)	5,670	(4,506)
Fund balances -- beginning	39,564	549,100	515,574	252,660	1,356,898
Fund balances -- ending	<u>\$ 24,264</u>	<u>\$ 556,724</u>	<u>\$ 513,074</u>	<u>\$ 258,330</u>	<u>\$ 1,352,392</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-

Budget and Actual

Nonmajor Governmental Fund - Sales Tax Refunding Bonds, Series 2010

Year Ended September 30, 2012

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	GAAP	Final Budget
			Basis	Positive
				(Negative)
Revenues				
Interest	\$ 200	\$ 200	\$ 250	\$ 50
Total revenues	<u>200</u>	<u>200</u>	<u>250</u>	<u>50</u>
Expenditures				
Debt service	<u>361,880</u>	<u>361,880</u>	<u>344,725</u>	<u>17,155</u>
Total expenditures	<u>361,880</u>	<u>361,880</u>	<u>344,725</u>	<u>17,155</u>
Excess (deficiency) of revenues over (under) expenditures	(361,680)	(361,680)	(344,475)	17,205
Other financing sources				
Transfers in	<u>364,418</u>	<u>364,418</u>	<u>350,145</u>	<u>(14,273)</u>
Total other financing sources	<u>364,418</u>	<u>364,418</u>	<u>350,145</u>	<u>(14,273)</u>
Net change in fund balance	2,738	2,738	5,670	2,932
Fund balance at beginning of year	<u>252,660</u>	<u>252,660</u>	<u>252,660</u>	<u>-</u>
Fund balance at end of year	<u>\$ 255,398</u>	<u>\$ 255,398</u>	<u>\$ 258,330</u>	<u>\$ 2,932</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA

Schedule of Compensation Paid Board Members
 For the Year Ended September 30, 2012

The City of Minden, Louisiana paid the following amounts for compensation to the mayor and members of the City Council as of September 30, 2012:

	<u>Compensation</u>	<u>Car Allowance</u>
Mayor -		
Bill Robertson	\$ 72,000	\$ -
City Council		
Joe Cornelius	10,800	1,200
Fayrine A. Kennon-Gilbert	10,800	1,200
Magaline Quarles	10,800	1,200
Tommy Davis	10,800	1,200
Benny Gray	10,800	1,200
	<u>\$ 126,000</u>	<u>\$ 6,000</u>

The accompanying notes are an integral part of this statement.

JAMIESON, WISE & MARTIN

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KRISTIE K. MARTIN, C.P.A.

WM. PEARCE JAMIESON, C.P.A.(1991)

MEMBERS
AMERICAN INSTITUTE OF
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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Bill Robertson, Mayor,
and the Members of the Board of Aldermen
City of Minden, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Minden, Louisiana, as of and for the year ended September 30, 2012, which collectively comprise the City of Minden, Louisiana's basic financial statements and have issued our report thereon dated March 18, 2013. Our report includes a reference to other auditors. We issued an adverse opinion on the aggregate discretely presented component units and an unqualified opinion on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the City of Minden, Employee Benefit Plan & Trust, as described in our report on the City of Minden, Louisiana's financial statements. The financial statements of the City of Minden, Employee Benefit Plan & Trust were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of City of Minden, Louisiana is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Minden, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement


of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Minden, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, City Council, others within the organization, federal awarding agencies and pass-through entities and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised State 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.



Minden, Louisiana

March 18, 2013

CITY OF MINDEN, LOUISIANA

Schedule of Current Year Findings and Recommendations
For the Year Ended September 30, 2012

We have audited the basic financial statements of the City of Minden, Louisiana as of and for the year ended September 30, 2012, and have issued our report thereon dated March 18, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

The type of audit report issued was an adverse opinion on the aggregate discretely presented component units and an unqualified opinion on the governmental activities, business-type activities, each major funds and aggregate remaining fund information.

Section I Summary of Auditors' Reports

a. Report on Internal Control and Compliance Material to the Financial Statement

Internal Control

Material Weakness ☐ Yes ☒ No

Significant Deficiencies ☐ Yes ☒ No

Compliance

Compliance Material to Financial Statement ☐ Yes ☒ No

Section II Financial Statement Findings

The results of our auditing procedures of the basic financial statements as of and for the year ended September 30, 2012 of the primary government of the City of Minden, Louisiana, disclosed no items that are required to be reported in accordance with General Accepted Government Auditing Standards (GAGAS).

Section III Management Letter

No items required to be reported as of and for the year ended September 30, 2012.

CITY OF MINDEN, LOUISIANA

Summary Schedule of Prior Year Findings
For the Year Ended September 30, 2012

Financial statement findings

2011-1 Reconciling Inventory to General Ledger

Origination date: September 30, 2011

Finding: The inventory in the general ledger was not reconciled to the computerized inventory records.

Corrective Action Taken: Resolved